



Press Release

Marathon Nextgen Realty Limited

April 9, 2025

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|-----------------------|--|---|--|---|------------------------|
| Long Term Facilities | 194.25 | IVR BBB/ RWDI (IVR Triple B; Rating Watch with Developing Implications) | IVR BBB/ Stable (IVR Triple B with Stable Outlook) | Rating placed on watch with developing implications | Simple |
| Total | 194.25 (Rs. One Hundred Ninety Four crore and Twenty Five lakh only) | | | | |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has placed the ratings under “Ratings watch with developing implications” following the announcement by Marathon Nextgen Realty Limited (MNRL) with respect to outcome of meeting of the Board of Directors held on March 31, 2025 for approval of composite scheme of Amalgamation and Arrangement amongst Matrix Water Management Private Limited (MWMPL), Sanvo Resorts Private Limited (SRPL), Marathon Realty Private Limited (MRPL), Matrix Enclaves Projects Private Limited (MEPPL), Matrix Land Hub Private Limited (MLHPPL), MNRL, Maraton Energy Private Limited (MEPL) and respective shareholders and creditors under a scheme or draft scheme prepared by BDO Valuation Advisory LLP.

According to the scheme,

A) The amalgamation of Matrix Water Management Private Limited and Sanvo Resorts Private Limited. Upon the scheme coming into effect, Matrix Water Management Private Limited and Sanvo Resorts Private Limited will get dissolved without winding up.

B) Demerger, transfer and vesting of :

- a. the Demerged, which inter-alia includes transfer of various projects of MRPL including projects situated at Lower Parel, Bhandup and Panvel to the MNRL;



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- b. the Demerged, which includes transfer of a project of MRPL situated at Dombivli, Thane through the transfer of partnership interest of MRPL in Marathon Ener-gen LLP, to wholly owned subsidiary of the Company i.e. MEPL;
- c. the Demerged, which includes transfer of a project of MEPDPL situated at Dombivli, Thane, to wholly owned subsidiary of the Company i.e., MEPL; and
- d. the Demerged, which includes transfer of a project of MLHPL situated at Dombivli, Thane, to wholly owned subsidiary of the Company i.e. MEPL.

However, this is subject to statutory and regulatory approvals.

Reaffirmation of ratings assigned to the bank loan facilities of MNRL continues to derive strength from improvement in sales velocity and improvement in cash flow cover during the construction period, experienced promoters and strong group, strategic location of the project, steady flow of lease rentals and modest project execution and saleability risk. However, these rating strengths are partially offset by geographically concentrated revenues, cyclical nature of the real estate industry, subject to regulations and uncertainty related to finalization of unleased portion.

Key Rating Sensitivities:

Upward Factors

- Timely receipt of the lease rentals
- Renewal of upcoming expiring lease at higher than present rates along with more favourable terms leading to generation of more than expected cash surplus
- Progress of the project as per schedule within the stipulated cost
- Scheduled sale of flats and adequate cash flow generation.

Downward Factors

- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor/ termination of lease agreement with any of the tenants leading to reduction in occupancy rates and/or cash surplus
- Any cost or time overrun in completing the ongoing projects
- Weaker-than-anticipated sales performance and lower-than-expected collections/ customer advances leading to cash flow mismatches.



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- Any company related and/or external factor leading to less than projected cash flows will lead to a rating downgrade.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and strong group**

Marathon group founded in 1969 by the Shah family of Mumbai. The promoters have a long track record in the real estate industry, with more than 30 years of experience. The Marathon group has developed around 8.4 million square feet (msf) in more than 100 projects spanning across different segments of real estate in the Mumbai Metropolitan Region (MMR), with currently existing portfolio of 6.2 million sq ft. under development in the MMR.

- **Strategic location of the project**

MNRL's projects are strategically located in various locations of Mumbai and Panvel. MNRL's project, Marathon FutureX, is in Lower Parel, Mumbai, which is one of the prime and well-established residential and commercial locations with good connectivity through railways and roadways. It is centrally located at the busy junction of Lower Parel and Curry Road. Further, Monte South which is developed in JV with Adani Group is strategically located in Byculla. The other projects i.e. Marathon NeoSquare, Marathon NeoPark, Marathon Neo Valley – Kaveri and Marathon Neo Valley - Narmada are located in the Bhandup and Marathon Millenium is located in Mulund., which are also favourable locations. One of the project named as Marathon Nexzone is located in Panvel.

- **Expected improvement in cash flow cover**

MNRL (Consolidated) cash flow coverage ratio is expected to be in the rating of 4x to 6x through FY25-FY28. Expected improvement in cash flow coverage is driven by steady execution of projects with expected improvement in sales velocity along with increase in per sq. ft. sales price.

- **Steady flow of lease rentals**



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MNRL has leased out its units of Marathon Futurex with 72,074 sq ft carpet area to various reputed brands/ corporates/ companies and receives steady cash flow in the form of monthly lease rentals. The lease agreement ranges between 5-10 years. The location of the building premises is in close proximity to railways & bus station which is an added advantage for gaining demands.

- **Modest project execution and saleability risk**

MNRL (consolidated) is executing projects such as Marathon Futurex, Marathon Neosquare, Marathon Neopark, Monte South, Marathon Millenium, Marathon Nexzone, Neo Valley – Kaveri and Neo Valley - Narmada with total saleable area of 65 lac square feet located at Mumbai. Out of 65 lac square feet, the company has already sold 49.17 lac square feet (~76%) as on March 31, 2024, totalling sales value of Rs.4941.60 crore, the company has already collected Rs.3769.00 crore (~76%) as on March 31, 2024. IVR notes that total collection against already sold units will be sufficient to cover balance construction expenses.

Key Rating Weaknesses

- **Geographically concentrated revenues**

All of the past and ongoing projects of the group is located in Mumbai, Maharashtra which exposes the company to geographical concentration risk. Any adverse movement in the regional real estate market can impact the overall operations of the company.

- **Cyclical nature of the real estate industry, subject to regulations**

The real estate in India is highly fragmented and is capital intensive in nature. The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Adverse movement in interest rate affects the real estate players in both ways by hampering demand as well as increasing the cost of construction. The sector is also subject to multiple regulatory approvals from respective authorities; thus, the timely receipt of regulatory approval is critical for the timely launches of new project phases and future sales/collections.



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- **Uncertainty related to finalization of unleased portion**

MNRL is dependent on timely rent remittance by the lessee to meet its debt servicing obligations. Also, the company's ability to rope in a potential tenant at the earliest for its vacant space has to be ascertained. Further, the unleased portion creates uncertainty to the projected cash flows.

Analytical Approach: Consolidated

Infomerics has taken a consolidated approach for the Marthon group of entities basis that MNRL is the holding company or joint venture with holding of 40% or more. List of companies considered for consolidation analysis is given at Annexure 4.

Applicable Criteria:

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Lease Rental Discounting \(LRD\) - Rating Methodology](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of companies](#)

Liquidity – Adequate

The project under development by MNRL (Consolidated) is funded by a combination of debt, customer advances and promoter funds. MNRL has projected to have comfortable cash cover to service its debt obligations as evidenced by above unity cash flow coverage ratio of the project throughout the projections.

The cashflows from operations shall be adequate to service the monthly obligations, aided by rental income. The lease rental discounting loan has an escrow mechanism which prioritizes debt repayment before any other utilization and is also backed by DSRA equivalent to 3 months of the interest payments. In addition, availability of escrow mechanism along with DSRA account will ensure the smooth repayments. On an overall basis, projected cash flow appears to be adequate. MNRL (Consolidated) maintains cash and cash equivalent



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amounting to Rs.10.35 crore as on March 31, 2024 (period refers from April 1,2023 to March 31, 2024).

About the Company

MNRL promoted by the Marathon group of Mumbai, Maharashtra is a public limited, small cap listed entity with listings on National Stock Exchange and Bombay Stock Exchange. The company was incorporated on January 13, 1978, and is currently managed by the promoters of Marathon Group, Shah family and along with their flagship entity Marathon Realty Private Limited (MRPL), with shareholdings of around 74%. The Marathon group is engaged in real estate development across MMR. The Marathon group has completed over 100+ projects and has presence across Mumbai Metropolitan Region (MMR) with total of 8.4 million sq. ft. completed projects and 6.2 million sq. ft. of existing portfolio.

Financials (Consolidated):

| | (Rs. crore) | |
|-----------------------------------|--------------------|-------------------|
| For the year ended/ As on* | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 716.53 | 704.62 |
| EBITDA | 239.33 | 232.84 |
| PAT | 123.69 | 168.78 |
| Total Debt | 868.84 | 760.93 |
| Tangible Net Worth | 668.00 | 876.38 |
| EBITDA Margin (%) | 33.40 | 33.05 |
| PAT Margin (%) | 16.30 | 22.63 |
| Overall Gearing Ratio (x) | 1.30 | 0.87 |
| Interest Coverage (x) | 1.95 | 2.56 |

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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| Sr. No. | Name of Security/Facilities | Current Ratings (2025-26) | | | Rating History for the past 3 years | | |
|---------|--------------------------------------|-----------------------------|--------------------------------|--|---|---|---|
| | | Type (Long Term/Short Term) | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| | | | | | September 5, 2024 | October 31, 2023 | -- |
| 1. | Term Loan (Lease Rental Discounting) | Long Term | 136.50 | IVR BBB/ Rating Watch with Developing Implications | IVR BBB/ Stable | IVR BBB-/ Stable | -- |
| 2. | Term Loan (Loan Against Property) | Long Term | 57.75 | IVR BBB/ Rating Watch with Developing Implications | IVR BBB/ Stable | IVR BBB-/ Stable | -- |

Analytical Contacts:

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

| Name of Facility/ /Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|------|---------------------|---------------------|------------------|------------------------------------|---|
| Term Loan (Lease Rental Discounting) | - | - | - | May 2039 | 136.50 | IVR BBB/ Rating Watch with Developing Implications |
| Term Loan (Loan Against Property) | - | - | - | February 2034 | 57.75 | IVR BBB/ Rating Watch with Developing Implications |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-marathon-nextgen-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

| Sr. No. | Name of the Company | Holding / Subsidiary / Associates | Company's effective consolidation (%) |
|---------|---|---|---|
| 1 | Marathon Nextgen Township Private Limited | Subsidiary | 100% |
| 2 | Sanvo Resorts Private Limited | Subsidiary | 91% |
| 3 | Terrapolis Assets Private Limited | Subsidiary | 100% |
| 4 | Swayam Realtors & Traders LLP | Joint Venture | 40% |
| 5 | Columbia Chrome (I) Private Limited | Joint Venture | 40% |



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| | | | |
|---|---|------------|------|
| 6 | Nexzone Fiscal Services Private Limited | Subsidiary | 100% |
|---|---|------------|------|

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

